

**FINDING OF NO SIGNIFICANT IMPACT  
AND DECISION RECORD  
EA-NM-060-04-119**

**DECISION:** It is my decision to authorize the Applicationsd For Permit To Drill Or Deepen (APD), for the Margene "AWM" Federal #3 and the Margene "AWM" Federal #4 gas wells, submitted by Yates Petroleum Corporation. The provisions for the approval of each APD will include the attachment of the Roswell Field Office requirements as defined in the following exhibits; **Exhibit A** - Location Map, **Exhibit B** - Well Drilling Requirements, **Exhibit C** - Conditions of Approval, **Exhibit D** - Permanent Resource Road Requirements, and any special mitigating measures developed in the environmental assessment.

In the event the wells prove to be dry holes, or when the wells are abandoned, I recommend that reclamation requirements be attached to each well abandonment, including additional requirements imperative for the complete reclamation of all the disturbed areas. These actions are subject to 43 CFR 3160 regulations for Onshore Oil and Gas operations on federal lease NM-26069.

Authority for these actions is the Mineral Leasing Act of February 25, 1920, as amended.

These actions will affect public land described as:

New Mexico Principal Meridian

Margene "AWM" Federal #3; Section 19; NE $\frac{1}{4}$ NE $\frac{1}{4}$ , T. 9 S., R. 26 E., 860' FNL & 660' FEL  
Margene "AWM" Federal #4; Section 19; SW $\frac{1}{4}$ SE $\frac{1}{4}$ , T. 9 S., R. 26 E., 660' FSL & 1450' FEL

**FINDING OF NO SIGNIFICANT IMPACT:** Based on the analysis of potential environmental impacts contained in the attached environmental assessment, I have determined that impacts resulting from the proposed actions are not expected to be significant and an environmental impact statement is not required.

**RATIONALE FOR DECISION:** The proposed actions would not result in any undue or unnecessary environmental degradation. Portions of the subject land and adjacent land have been used for similar purposes and all present and potential uses and users have been considered.

**COMPLIANCE AND MONITORING:** The construction phase of the proposed actions and subsequent operational phases will be monitored as per regulations.

/s/Larry D. Bray

7/2/04

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Larry D. Bray, Assistant Field Manager,  
Lands and Minerals

Date

# **ENVIRONMENTAL ASSESSMENT**

EA# NM-060-04-119

**BLM Serial #: NM-26069**

**WELL NAME & NO.: Margene “AWM” Federal #3**  
860' FNL & 660' FEL, Unit Letter A

**WELL NAME & NO.: Margene “AWM” Federal #4**  
660' FSL & 1450' FEL, Unit Letter O

Section 19, T. 9 S., R. 26 E., NMPM,  
Chaves County, New Mexico

**OPERATOR: Yates Petroleum Corporation**

**ACTION:** Application for Permit to Drill

**SURFACE/MINERAL ESTATE:** Federal Minerals/Private Surface

## **I. Introduction**

A. Need for the Proposed Action:

Yates Petroleum Corporation proposes to drill and complete two natural gas wells at the above described locations. The proposed actions are needed to develop the mineral lease.

B. Conformance with Land Use Plan:

The oil and gas lease developments are in conformance with the Roswell Approved Resource Management Plan and Record of Decision, October 1997.

C. Relationship to Statutes, Regulations, or other Plans:

The proposed actions do not conflict with any known State or local planning, ordinance or zoning.

## **II. Proposed Action and Alternatives**

A. Proposed Action:

Yates Petroleum Corporation submitted two (2) Applications for Permit to Drill on 5/21/04, to drill the Margene “AWM” Federal #3 and #4 gas wells. The original applications were submitted on 5/23/04.

The proposed action would include:

1. Beginning from the Alamo County Road, the proposed road is approximately 30,168 feet in length to the Margene Federal #3 gas well. Of the 30,168 feet, approximately 29,668 feet is existing road and 500 feet is new access road construction. Beginning from the Alamo County Road, the proposed road is approximately 31,768 feet in length to the Margene Federal #4 gas well. Of the 31,768 feet,

approximately 30,568 feet is existing road and 1,200 feet is new access road construction, and both wells have about 9,160 feet of roads that would cross public land. The roads would have a driving surface (travelway) of 14 feet, with a maximum 30-foot wide surface disturbance area for the road construction. The proposed access road would be constructed and maintained in accordance with the New Mexico Road Policy. There is an existing right-of-way NM-105313 so no right-of-way is required.

The access roads will be constructed in accordance with the private surface landowner's discretion on his private surface. A letter signed by the private surface landowner is in the official file affirming the new access road alignments are in accordance with his decision and the operator is concurrence with the private surface landowner's request. A cattleguard would be constructed and installed at the fence crossing in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Sec. 19 - T. 9 S. - R. 26 E. (see Exhibit A) for the Margene Federal #4 gas well.

2. The construction of the proposed well pads would be 325 feet long by 185 feet wide (plus 125' X 75'). The construction of the reserve pit would be about 175 feet by 150 feet and dug 4 feet below ground level. The reserve pit would be located on the north side of the well pad. Standard oilfield construction equipment consisting of; track-type tractors, motor graders, dump trucks, and water trucks would be used to construct the access road and well pad. A rotary drilling rig would be used to drill the Margene "AWM" Federal #3 well to a depth of 5,550 feet and to drill the Margene "AWM" Federal #4 well to a depth of 5,650 feet. Associated production facilities (e.g., pipeline, separator, storage tanks, etc.) would be installed during the production phase of these wells. Topsoil would be stockpiled for future use over the disturbed areas.

3. Surfacing material (caliche/gravel) needed for the construction of the access roads and well pads could be obtained by the operator from a private pit in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 30 - T. 9 S. - R. 26 E., Chaves County, New Mexico.

#### B. Alternatives:

##### 1. Relocate the Proposed Action:

The well locations are determined on the basis of subsurface geologic information and to some extent, by spacing regulations imposed by the New Mexico Oil Conservation District II. No other alternative locations would have significantly fewer impacts than, or have a clear advantage over, the proposed locations. Therefore, the alternative of changing the locations involved in these actions are not analyzed further in this EA.

##### 2. No Action:

Under this alternative, the applications would be rejected. None of the environmental impacts associated with the proposed actions or alternate locations would occur. Additionally, economic benefits of the proposed actions would not be realized, and the existing environment, including the developments in place, would remain unchanged.

### **III. Description of the Affected Environment**

#### A. General Setting:

The proposed access roads and well pads are located on federal minerals and private surface, about 20 miles NE of Roswell, N.M.. The mean annual precipitation is 11 to 12 inches. Historical and present use of the subject land has been limited to livestock grazing and energy development.

B. Rights of Record:

An inspection of the Master Title Plats and other Bureau records revealed the following title information pertaining to valid existing prior rights on the subject land:

- Oil and gas leases: NM-26069 - covers lease actions.
- No federally administered rights-of-way would be affected in the project area. Road right-of-way NM-105313 was issued to Yates Petroleum Corporation.
- No mining claims are recorded within Sec. 19, T. 9 S., R. 26 E., NMPM.

C. Affected Resources:

The following critical resources have been evaluated and are either not present or are not affected by the proposed action or the alternatives in this EA:

Areas of Critical Environmental Concern (ACEC's)  
Cultural Resources (02-R-054-A)  
Farmlands, Prime/Unique  
Floodplains  
Native American Religious Concerns  
Wastes, Hazardous/Solid  
Wetlands and Riparian Zones  
Wild & Scenic Rivers  
Wilderness

1. Air Quality:

The area of the proposed action is considered a Class II air quality area. A Class II area allows a moderate amount air quality degradation. The primary sources of air pollution are dust from blowing wind on disturbed or exposed substratum soils and exhaust emissions from motorized equipment.

2. Soil:

The Sotim-Simona association is moderately undulating as described in the Soil Survey of Chaves County, New Mexico, Northern Part (Pages 65 and 66, map #22 and #28). The soils are deep and well drained. It formed in calcareous alluvial and eolian material. Permeability of the Sotim soil is moderately slow. Available water capacity is very high. Runoff is medium, and the hazard of water erosion is moderate. The hazard of soil blowing is high. Permeability of the Simona soil is moderately rapid. Available water capacity is very low. Runoff is rapid, and the hazard of water erosion is high. The hazard of soil blowing is high. The soil are found on 0 to 5 percent slopes. The soil would be affected by the construction of the access roads and well pads when earth moving equipment exposes substratum soil and the topsoil is removed for reclamation purposes.

3. Vegetation:

## MIXED DESERT SHRUB

This lease is within the mixed desert shrub vegetative community as identified in the Roswell Resource Management Plan/Environmental Impact Statement (RMP/EIS). Appendix 11 of the Draft RMP/EIS describes the Desired Plant Community (DPC) concept and identifies the components of each community. The mixed desert shrub community is primarily made up of desert grasses, shrubs and cacti. The predominant shrub species include creosote (*Larrea tridentata*), mesquite (*Prosopis glandulosa*), tarbush (*Flourensia cernua*), saltbush (*Atriplex canescens*), little leaf sumac (*Rhus microphylla*), sage (*Artemesia* spp.) and javalina bush (*Condalia* spp.) Common cacti encountered are claret cup (*Echinocereus triglochidiatus*), cholla (*Opuntia imbricata*), prickly pear (*Opuntia phaeacantha*), and eagle claw (*Echinocactus horizonthalonius*). Forbs include plantain (*Plantago* spp.), globemallow (*Sphaeralcea* spp.), and buckwheat (*Eriogonum* spp.). Grasses include fluffgrass (*Dasyochloa pulchella*), sideoats grama (*Bouteloua curtipendula*), black grama (*Bouteloua eriopoda*), dropseed (*Sporobolus* spp.), galleta (*Pleuraphis jamesii*) and blue grama (*Bouteloua gracilis*).

The Ecological Site Description for the access road and well pad is **SD-3 Sandy for Margene #3 and SD-3 Loamy for Margene #4. (Southern Desertic Basins, Plains & Mountains.**

### 4. Invasive & Noxious Weeds:

There are no known populations of invasive or noxious weed species on the proposed access roads and well pads. A noxious species, African rue (*Peganum harmala*), has been found on roads within the area.

Infestations of noxious weeds can have a disastrous impact on biodiversity and natural ecosystems. Noxious weeds affect native plant species by out-competing native vegetation for light, water and soil nutrients. Noxious weeds cause estimated losses to producers \$2 to \$3 billion annually. These losses are attributed to: (1) Decreased quality of agricultural products due to high levels of competition from noxious weeds; (2) decreased quantity of agricultural products due to noxious weed infestations; and (3) costs to control and/or prevent the noxious weeds.

Further, noxious weeds can negatively affect livestock and dairy producers by making forage either unpalatable or toxic to livestock, thus decreasing livestock productivity and potentially increasing producers' feed costs and animal health care costs. Increased costs to operators are eventually borne by consumers.

Noxious weeds also affect recreational uses, and reduce realty values of both the directly influenced and adjacent properties.

Recent federal legislation has been enacted requiring state and county agencies to implement noxious weed control programs. Monies would be made available for these activities from the federal government, generated from the federal tax base. Therefore, all citizens and taxpayers of the United States are directly affected when noxious weed control prevention is not exercised.

### 5. Ground Water Quality:

Fresh water for irrigation and stock use is obtained from the Quaternary Alluvium and Artesia Group. The WS 1 State CB well located in sec. 5, T. 9 S., R. 27 E., NMPM was converted to a water supply well.

The depth of the water zones are 955'- 960' and 1100'-1145' in the Artesia Group. The base of the Artesia Group for this location should be at an approximate depth of 822.

6. Wildlife:

Wildlife species utilizing this area for habitat include mule deer, pronghorn antelope, coyote, fox, rabbits, kangaroo rats, pocket gophers, herptile species, as well as a variety of songbirds, dove, quail, and raptors.

There are no known threatened or endangered species of plant or animals within the project area. A list of federal threatened, endangered and candidate species reviewed for this EA can be found in Appendix 11 of the Roswell Approved RMP (AP11-2). There are no designated critical habitat areas within this allotment.

7. Range: The access roads and well pads are located on **Comanche Hill allotment #65037, permitted to Jack Hagelstein, P.O. Box 297, Roswell, N.M. 88201..**

8. Visual Resources:

The proposed actions are located within a designated VRM Class III IV area. The vegetative and/or landform setting presents a beige and/or tan color pattern with some patches of a medium brown color.

9. Recreation:

The area around the proposed action sites are primarily used by recreational visitors engaged in hunting, off-highway vehicle driving and caving. Other visitors include oil and gas industrial workers and ranchers.

10. Cave/Karst:

No surface cave/karst features were observed in the immediate vicinity of the proposed actions. However, the proposed actions are located in a medium karst potential area.

11. Minority or Low-income Populations or Communities:

The proposed actions would not affect the minority or low-income populations or communities.

#### **IV. ENVIRONMENTAL IMPACTS**

A. Proposed Action Impacts:

The surface disturbance involved in the construction of the access roads, well pads, and reserve pits would total about 5.6 acres of private surface.

1. Air Quality:

Air quality would temporarily be impacted with pollution from exhaust emissions, chemical odors, and dust that would be caused by the motorized equipment used to construct the access roads, well pads, and by the drilling rig that will be used to drill the wells. Dust dissemination would discontinue upon completion of the construction phase of the access roads and well pads. Air pollution from the motorized equipment would discontinue at the completion of the drilling phase of the operations. The winds that

frequent the southeastern part of New Mexico generally disperse the odors and emissions. The impacts to air quality would be greatly reduced as the construction and drilling phases are completed.

## 2. Soil:

The construction of the access roads and well pads would physically disturb about 5.6 acres of topsoil and would expose the substratum soils. The exposed soils would be susceptible to wind blowing and water erosion. Surfacing the exposed soils on the access roads and well pads would minimize these impacts. Construction of the reserve pit 4 feet below ground level would impact deeper soil horizons on the well pads. The impact to the soils would be remedied upon reclamation of the well pads when the stockpiled soil that was specifically conserved to establish a seedbed is spread over the well pads and vegetation re-establishes.

Additional soil impacts associated with lease development would occur when heavy precipitation causes water erosion damage. When water saturated segment(s) on the access roads become impassable, vehicles may still be driven over the roads. Consequently, deep tire ruts would develop. Where impassable segments are created from deep rutting, unauthorized driving may occur outside the designated route of the access roads. Road construction requirements and regular maintenance would alleviate potential impacts to the access roads from water erosion damage.

## 3. Vegetation:

The construction of the access roads and well pads would remove about 5.6 acres of native vegetation. If the wells are producers, reclamation would not commence until the wells are depleted producer and plugged and abandoned. Vegetation recovery on the access roads and well pads would depend on the life of the wells. Native vegetation would encroach on the well pads over time with only high traffic areas remaining unvegetated. If drilled as a dry hole and plugged, reclamation of the access roads and well pads would immediately follow. Vegetation impacts would be short-term when the access roads and well pads re-vegetate within a few years, and the reclamation of the access roads and well pads are successful.

## 4. Invasive & Noxious Weeds:

The construction of an access roads, pipelines and/or well pads may unintentionally contribute to the establishment and spread of noxious weeds. Noxious weed seeds could be carried to and from the project areas by construction equipment, the drilling rig and transport vehicles. The main mechanism for seed dispersion on the roads and well pads is by equipment and vehicles that were previously used and or driven across or through noxious weed infested areas. The potential for the dissemination of invasive and noxious weed seed may be elevated by the use of construction equipment typically contracted out to companies that may be from other geographic areas in the region. Washing and decontaminating the equipment prior to transporting onto and exiting the construction areas would minimize this impact.

Impacts by noxious weeds will be minimized due to requirements for the company to eradicate the weeds upon discovery. Multiple applications may be required to effectively control the identified populations.

## 5. Ground Water Quality:

The use of a plastic-lined reserve pit would reduce or eliminate seepage of drilling fluid into the soil and eventually reaching groundwater. Spills or produced fluids (e.g., saltwater, oil, and/or condensate in the event of a breach, overflow, or spill from storage tanks) could result in contamination of the soil onsite, or offsite, and may potentially impact groundwater resources in the long term. The casing and cementing

requirements imposed on the proposed well would reduce or eliminate the potential for groundwater contamination from subsurface sources.

#### 6. Wildlife:

Some small wildlife species may be killed and their dens or nests destroyed during construction of the access roads and well pads. The construction of the access roads and well pads could cause fragmentation of wildlife habitat. The short term negative impact to wildlife would occur during the construction phase of the operation due to noise and habitat destruction. In general, most wildlife species would become habituated to the new facilities. For other wildlife species with a low tolerance to activities, the operations on the well pad would continue to displace wildlife from the area due to ongoing disturbances such as vehicle traffic and equipment maintenance. The conditions of approval would alleviate most losses of wildlife species, such as; fencing the reserve pits, netting storage tanks, installation or other modifications of cones on separator stacks, and timing stipulations. Upon abandonment of the wells, the areas would revegetate and wildlife would return to previous levels.

7. Range: There would be some minor disruption of livestock grazing in the pasture, specifically on the well pads, during the construction and drilling phase of the wells. Vehicle traffic would increase in the areas which may lead to conflicts with livestock.

#### 8. Visual Resources:

Facilities, such as condensate and produced water or oil storage tanks that rise above eight feet, would provide a geometrically strong vertical and horizontal visual contrast in form and line to the characteristic landscape and vegetation, which have flat, horizontal to slightly rolling form and line. The construction of an access roads, well pads, and other ancillary facilities, other than facilities greater in height than eight feet, would slightly modify the existing area visual resources. The proposed actions are located in areas designated VRM Class IV.

The objective of Class IV is to: "Provide for management activities which require major modification of the existing landscape character...Every attempt, however, should be made to reduce or eliminate activity impacts through careful location, minimal disturbance, and repeating the basic landscape elements."

The optimum method to repeat these elements would be to remove strong vertical and horizontal contrast through use of low-profile facilities as reflected in the Roswell RMP (1997, p. AP1-4). Depending on the production nature of the well sites, multiple low-profile condensate and/or oil or produced water tanks could be necessary to accommodate the projects.

Through color manipulation, by painting well facilities to blend with the rolling to flat vegetative and/or landform setting with a beige or tan color, the view is expected to favorably blend with the form, line, color and texture of the existing landscape. The color, *Desert Brown*, from the standard environmental colors also closely approximates the beige/tan color of the setting. The access roads, well pads, pit(s) and berm(s) would be similar to the texture and horizontal line found throughout the setting. This strategy would be generally acceptable to the various visitors and workers in this setting.



Cumulative adverse visual impacts can be avoided by gradually moving into a more appropriate vegetative/landform setting color scheme. Facilities with low-profile horizontal line and form would facilitate favorable blending as older facilities go out of production and are removed.

9. Recreation: There should be no impact on recreation activities.

10. Cave/Karst:

There would be no impact to known cave entrances, or karst features within the areas of the proposed actions. However, the proposed actions are located in a medium karst potential area.

11. Minority or Low-income Populations or Communities: The proposed actions would not impact the minority or low-income populations or communities.

B. Alternatives:

1. Relocation Alternative:

The alternative of changing the locations involved in these actions were not analyzed further because no other alternative locations would have significantly fewer impacts than, or have a clear advantage over, the proposed locations.

2. No Action Alternative:

The no action alternative would constitute denial of the applications. This alternative would have no consequential results from the identified environmental impacts. There would, however, be an adverse economic impact to the applicant through the denial of the lessee's right to develop the mineral reserves or through increased costs of accessing those mineral reserves through other means. There have been no significant or unmitigatable impacts identified as a result of this analysis which would warrant selection of the no action alternative.

C. Mitigation:

The Roswell Field Office; Well Drilling Requirements (Exhibit B), Conditions of Approval (Exhibit C), Permanent Resource Road Requirements (Exhibit D), and the special requirements derived from this EA, would be applied to each individual well. The proposed actions were analyzed to minimize the surface disturbances and conserve the surrounding landscape.

D. Cumulative Impacts:

While it is likely that there will be no significant cumulative impacts from the proposed actions, continued oil and gas development, and other surface-disturbing activities in these areas, may potentially have negative cumulative impacts on vegetation, soil, water, livestock, wildlife, and visual resources.

## **V. Consultation and Coordination**

An onsite inspection was conducted on the access roads and well pads on 4/29/02. In attendance were Mr. Clif May and Pat Perez, Regulatory Agents for Yates Petroleum Corporation, and Richard Hill,

Environmental Protection Specialist, BLM Roswell Field Office. Coordination and consultation has occurred with the applicant's agent. The comments and suggestions expressed during the onsite consultation have been incorporated into this EA.

Coordination and consultation has occurred with Roswell Field Office Staff. The comments and suggestions expressed during the review of the proposed action and environmental assessment have been incorporated into this EA.

On resubmitted APDs no onsite inspection would be conducted on the access roads and well pads.

Reviewed by:

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**Irene Gonzales Salas, Realty Specialist**

**Date**

# **Margene “AWM” Federal #3 ONLY**

## **EXHIBIT B**

1 of 8 pages

### **WELL DRILLING REQUIREMENTS**

OPERATORS NAME: Yates Petroleum Corporation LEASE NO.: NM-26069

WELL NAME & NO: Margene “AWM” Federal #3

QUARTER/QUARTER & FOOTAGE: NE¼NE¼ - 860' FNL & 660' FEL

LOCATION: Section 19, T. 9 S., R. 26 E., NMPM

COUNTY: Chaves County, New Mexico

#### **I. GENERAL PROVISIONS:**

- A. The operator has the right of administrative review of these requirements pursuant to 43 CFR 3165.1(a).
- B. The operator shall hereafter be identified as the holder in these requirements. The Authorized Officer is the person who approves the Well Drilling Requirements.

#### **II. WELL PAD CONSTRUCTION REQUIREMENTS:**

- A. The BLM shall administer compliance and monitor construction of the access road and well pad. Notify Richard G. Hill at least 3 working days (72 Hours) prior to commencing construction of the access road and/or well pad. Roswell Field Office number (505) 627-0247.
- B. Prior to commencing construction of the access road, well pad, or other associated developments, the holder shall provide the dirt contractor with **a copy of the approved APD signature page, a copy of the location map (EXHIBIT A), a copy of pages 1 & 2 from the Well Drilling Requirements (EXHIBIT B), and a copy of the Permanent Resource Road Requirements (EXHIBIT D).**
- C. The holder shall stockpile the topsoil from the surface of the well pad for reclamation purposes. The topsoil on the Margene”AWM” Federal #3 well pad is approximate 6 inches in depth. Approximately 800 cubic yards of topsoil shall be stockpiled on the Southwest corner of the well pad, opposite the reserve pit. Upon reclamation of the well pad, the topsoil stockpile shall be redistributed over the disturbed areas. See Well Drilling Requirements - VI. Seeding Requirements - for reclamation of the well pad.
- D. **Reserve Pit Requirements:**
  - 1. The reserve pit shall be constructed 175' X 150' on the **North** side of the well pad.
  - 2. The reserve pit shall be constructed to a minimum depth of four (4) feet below ground level. This pit shall be constructed, so that upon completion of drilling operations, the dried pit contents will be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level requirement has been met. The excess contents which have been removed shall be disposed of at an authorized location. Contact Jessica Rubado, at (505) 627-0240, three days before commencing the reserve pit reclamation.

3. The plastic lining that is used to line the reserve pit shall be at least 9 mil in thickness and have a bursting strength of 170 PSI. Upon reclamation of the reserve pit, any exposed plastic lining shall be removed and properly disposed of before the reserve pit is backfilled.
4. The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.
5. The reserve pit shall be constructed so as not to leak, break, or allow discharge of drilling muds. Under no circumstances will the reserve pit be cut to drain drilling muds on the terrain.
6. The reserve pit shall not be located in any natural drainage.
7. The reserve pit shall be equipped to deter entry by birds, bats, other wildlife, and livestock, if the reserve pit contains any oil and/or toxic fluids.
8. Drilling muds shall be properly disposed of before the reserve pit is reclaimed. Drilling muds can be allowed to evaporate in the reserve pit or be removed and transported to an authorized disposal site. The reserve pit shall be backfilled when dry.
9. Dumping of junk or trash into the reserve pit is not allowed. Junk or trash shall be removed from within the reserve pit before the reserve pit is reclaimed. **Junk or trash shall not be buried in the reserve pit.**

### E. Federal Mineral Materials Pit Requirements:

1. Caliche, gravel, or other related materials from new or existing pits on Federal mineral estate shall not be taken without prior approval from the authorized officer. Contact Jerry Dutchover at (505) 627 -0236.
2. Payment for any Federal mineral materials that will be used to surface the access road and the well pad is required prior to removal of the mineral materials.
3. **Mineral Materials extracted during construction of the reserve pit may be used for development of the pad and access road as needed, for the Margene "AWM" Federal #3 gas well only. Removal of any additional material on location must be purchased from BLM prior to removal of any material .**
  - a. **An optional mineral material pit may be constructed within the archaeologically cleared area. The mineral material removed in the process can be used for pad and access road construction. However, a mineral material sales contract must be purchased from the BLM prior to removal of any material.**

### F. Well Pad Surfacing Requirement:

The well pad shall be surfaced with 6 inches of compacted caliche, gravel, or other approved surfacing material. The well pad shall be surfaced prior to drilling operations. See Permanent Resource Road Requirements - EXHIBIT D - requirement #4, for road surfacing.

### G. Cave Requirements:

1. If, during any construction activities any sinkholes or cave openings are discovered, all construction activities shall immediately cease, and the Roswell Field Office shall be notified at (505) 627-0272.
2. The BLM Authorized Officer will, within 24 hours of notification in "A" above, conduct an on-the-ground field inspection for karst. At the field inspection the authorized field inspector will authorize or suggest mitigating measures to lessen the damage to the karst environment. A verbal order to proceed or stop the operation will be issued at that time.

**III. DRILLING REQUIREMENTS:**

**A. DRILLING OPERATIONS REQUIREMENTS:**

#### **IV. DOWN HOLE ABANDONMENT REQUIREMENTS:**

A. If the well is a dry hole and will be plugged, approval of the proposed plugging program may be obtained orally. However, oral approval must be confirmed in writing by immediately filing a Sundry Notice And Report On Wells (Form 3160-5) "**Notice of Intention to Abandon**", and submitting an original and five (5) copies to the Roswell Field Office. The report should show the total depth reached, the reason for plugging, and the proposed intervals, by depths, where plugs are to be placed, type of plug, type of plugging mud, etc..

B. If the well is not drilled, please notify the BLM so that an official release can be approved.

#### **V. SURFACE RECLAMATION/RESTORATION REQUIREMENTS:**

A. When the well is abandoned the "**Notice of Intention to Abandon**" (Form 3160-5) could also be used by the holder as the initial report for the surface reclamation/restoration of the access road and well pad. Upon receipt of the "NOI" the Authorized Officer shall provide the holder with the specific requirements for the reclamation/restoration of the access road and well pad.

B. **Subsequent Report Of Abandonment:** The holder shall submit a second report on Form 3160-5, Sundry Notice and Report On Wells, the original and five (5) copies to the Roswell Field Office, pertaining to the reclamation/restoration of the access road and well pad. The holder shall demonstrate that the surface reclamation/restoration requirements have been complied with. The holder shall specify that the reclamation work accomplished the restoration of the disturbed areas to as near the original surface condition the land was in prior to construction of the access road and well pad.

C. **Final Abandonment Notice:** The holder shall submit a third report on Form 3160-5, Sundry Notice and Report On Wells, the original and five (5) copies to the Roswell Field Office, that will ascertain that all surface reclamation/restoration requirements have finally been completed and that the access road and well pad are ready for final inspection. The holder shall specify that the surface has been reclaimed in accordance with federal regulations and request final approval of the access road and well pad.

D. The holder shall comply with all the surface reclamation/restoration required by the Authorized Officer pertaining to the reclamation/restoration of the access road and well pad. Liability under bond shall be retained until surface reclamation/restoration of the access road and well pad has been completed to the satisfaction of the Authorized Officer.

#### **VI. SEEDING REQUIREMENTS:**

A. The stockpile of topsoil shall be spread over the well pad to cultivate a seedbed. The holder shall not mix the topsoil with the reserve pit area soil. The mixing of the soil will render the conservation of the topsoil for reclamation purposes pointless, if the topsoil is contaminated with the reserve pit mud soil.

B. The reclaimed area(s) shall be seeded with the seed mixture that was determined by the Roswell Field Office for the Desired Plant Community on this well site.

C. The same seed mixture shall be used on the reclaimed access road; **See PERMANENT RESOURCE ROAD REQUIREMENT #12.**

D. The planting of the seed shall be done in accordance with the following seeding requirements:

1. **The access road and well pad shall be ripped a minimum of 16 inches deep.** The topsoil soil shall be plowed under with soil turning equipment and the plowed surface shall be disked before seeding. Seed shall be planted using a drill equipped planter with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. Smaller/heavier seed has a tendency to drop to the bottom of the drill and is planted first, the holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre noted below are to be doubled.

2. The holder shall seed all the disturbed areas with the DPC seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed per acre, (Pounds of pure live seed per acre: pounds of seed X percent purity X percent germination = pounds pure live seed). There shall be no primary or secondary noxious weeds in the seed mixture.

In accordance with State law(s) the seed should be tested for purity and viability within nine (9) months prior to sell. Commercial seed shall be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and the certified seed tag shall be made available for inspection by the Authorized Officer.

3. **Desired Plant Community** seed mixture to be planted in pounds of pure live seed per acre:

Soil: Sotim-Simona association, moderately undulating

Ecological Site: Shallow Sand SD-3

Ecological Site: Sandy SD-3

March 19, 2001

<u>Common Name and Preferred Variety</u>	<u>Scientific Name</u>	<u>Pounds of Pure Live Seed Per Acre</u>
Black grama or Blue grama, var. Lovingto	( <i>Bouteloua eriopoda</i> ) ( <i>Bouteloua gracilis</i> )	5.0
Sideoats grama var. Vaughn or El Reno	( <i>Bouteloua curtipendula</i> )	1.0
Sand dropseed or Mesa dropseed or Spike dropseed	( <i>Sporobolus cryptandrus</i> ) ( <i>S. flexuosus</i> ) ( <i>S. contractus</i> )	0.5
Desert or Scarlet Globemallow	( <i>Sphaeralcea ambigua</i> ) or ( <i>S. coccinea</i> )	1.0
Croton	( <i>Croton</i> spp.)	1.0
TOTAL POUNDS PURE LIVE SEED PER ACRE		8.5

**If one species is not available, increase ALL others proportionately. Certified Weed Free Seed. A minimum of 4 species is required, including 1 forb species.**

E. The recommended time to seed is from June 15<sup>th</sup> through September 15<sup>th</sup>. The optimum seeding time is in mid-July. Successive seeding should be done either late in the fall (Sept. 15<sup>th</sup> - Nov. 15<sup>th</sup>, before freeze up) or early as possible the following spring to take advantage of available ground moisture. However, the holder may seed immediately after completing surface abandonment requirements.

F. The seeding of the disturbed areas shall be repeated until a vegetation thicket is established on the access road and well pad. The Authorized Officer shall make the determination when the regrowth on the disturbed areas is satisfactory.

## **WELL DRILLING REQUIREMENTS**

**6 of 8 pages**

G. The holder shall be responsible for the establishment of vegetation on the access road and well pad. Evaluation of vegetation growth will not be made before the completion of the first growing season after seeding. The Authorized Officer reserves the right to require reseeding at a specific time if seed does not germinate after one growing season. Waiver of this requirement would be considered if diligent attempts to revegetate the disturbed areas have failed and the Authorized Officer determines that further attempts to replant the access road and well pad is futile.

**H. Contact Ms. Jessica Rubado at (505) 627-0240 to witness the seeding operations, two (2) days prior to seeding the disturbed areas.**

## **VII. Invasive and Noxious Weeds Requirement:**

A. The holder shall be held responsible if noxious weeds become established within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action.

The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.

B. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

## **VIII. ON LEASE - WELL REQUIREMENTS:**

A. The holder shall post signs identifying the location permitted herein with the requirements contained in Onshore Oil and Gas Order #1 and 43 CFR 3162.6.



B. The following data is required on the well sign that shall be posted in a conspicuous place on the well pad. The sign shall be kept up with current identification and shall be legible for as long as the well is in existence:

Operator Name: Yates Petroleum Corporation  
Well Name & No.: Margene "AWM" Federal #3  
Lease No.: NM-26069  
Footage: 860' FNL & 660' FEL  
Location: Section 19, T. 9 S., R. 26 E.

C. UPON ABANDONMENT OF THE WELL, THE SAME INFORMATION SHALL BE INSCRIBED ON THE DRY HOLE MARKER WITH A BEADED WELD.

## **WELL DRILLING REQUIREMENTS**

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D. The approval of the APD does not in any way imply or grant approval of any on-lease, off-lease, or off-unit action(s). It is the responsibility of the holder to obtain other approval(s) such as rights-of-way from the Roswell Field Office or other agencies, including private surface landowner(s).

E. All vehicles, including caterpillar track-type tractors, motor graders, off-highway trucks and any other type of motorized equipment that is used in the construction of the access road and well pad shall be confined to the area(s) herein approved. The drilling rig that is used to drill the well shall also be confined to the approved area(s).

### **F. Containment Structure Requirement:**

1. A containment structure or earthen dike shall be constructed and maintained around all storage facilities/batteries. The containment structure or earthen dike shall surround the storage facilities/batteries.
2. The containment structure or earthen dike shall be constructed two (2) feet high around the facilities/batteries (the containment structure or earthen dike can be constructed higher than the two (2) feet high minimum).
3. The perimeter of the containment structure or earthen dike can be constructed substantial larger for greater holding capacity of the contents of the largest tank.
4. The containment structure or earthen dike shall be constructed so that in case of a spill the structure can contain the entire contents of the largest tank, plus 24 hour production, within the containment structure or earthen dike, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

### **G. Well Completion Requirement:**

If the well is completed, all areas of the well pad not necessary for operations shall be reclaimed to resemble the original contours of the surrounding terrain. Cut-and-fill slopes shall be re-contoured and reduced to a slope of 3:1 or less.

**H. Painting Requirement:**

All above-ground structures (e.g.: meter houses, tanks, above ground pipelines, and related appurtenance, etc.) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for painting all the well facilities is **Desert Brown**, Munsell Soil Color Chart Number **10YR 6/3**.

**I. Fence Requirement:**

**WELL DRILLING REQUIREMENTS**

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The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. On private surface the holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates shall be allowed unless approved by the Authorized Officer.

**J. Open-vent Exhaust Stack Requirements:**

1. All open-vent exhaust stacks associated with heater-treater, separators and dehydrator units shall be modified to prevent birds and bats from entering them and to the extent practical to discourage perching and nesting.
2. New production equipment installed on federal leases after November 1<sup>st</sup>, 1993, shall have the open-vent exhaust stacks constructed to prevent the entry of birds and bats and to the extent practical, to discourage perching, and nesting.

**IX. SPECIAL REQUIREMENT(S):**

A. Low-profile facilities no greater than eight-feet-high shall be used. If necessary, multiple tanks shall be used.

## EXHIBIT C

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### CONDITIONS OF APPROVAL

OPERATOR: Yates Petroleum Corporation

LEASE NO: NM-26069

WELL NAME & NO.: Margene "AWM" Federal #3

LOCATION: Section 19 T. 9 S., R. 26 E., N.M.P.M.

QUARTER/QUARTER & FOOTAGE: NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> - 860' FNL & 660' FEL

COUNTY: Chaves County, New Mexico

#### GENERAL CONDITIONS OF APPROVAL:

1. The **operator** shall hereafter be identified as the **holder** in these requirements. The Authorized Officer is the person who approves the Conditions Of Approval.
2. The holder shall indemnify the United States against any liability for damage to life or property arising from occupancy or use of public lands under this authorization.
3. The holder shall have surface use approval prior to any construction work on change(s) or modification(s) to the access road and/or well pad. The holder shall submit (Form 3160-5), Sundry Notice and Report On Wells, an original plus one (1) copy to the Roswell Field Office, stating the basis for any changes to previously approved plans. Prior to any revised construction the holder shall have an approved Sundry Notice and Report On Wells or written authorization to proceed with the change in plans ratified by the Authorized Officer.
4. **Weed Control:**
  - A. The holder shall be held responsible if noxious weeds become established

within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action.

The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.

B. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

## **5. Hazardous Substances:**

a. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act Of 1976, as amended (15 U.S.C. 2601, *et. seg.*) with regard to any toxic substances that are used, generated by or stored on the project/pipeline route or on facilities authorized. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as

a

## **CONDITIONS OF APPROVAL**

**2 of 3 pages**

result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

b. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substances or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seg.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seg.*) on this project/pipeline (unless the release or threatened release is wholly unrelated to the holder's activity on the pipeline). This agreement applies without regard to whether a release is caused by the operator, its agent, or unrelated third parties.

## **6. Undesirable Events:**

If, during any phase of the construction, operation, maintenance, or termination of the authorization, any oil or other pollutants, should be discharged, and impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutants, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge

and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

**7. Archaeological, Paleontology, and Historical Sites:**

a. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder shall be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

b. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of the project work, the holder shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The holder or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes. Any unauthorized collection or disturbance of cultural resources may result in a shutdown order by the Authorized Officer.

**8. Sanitation:**

The holder shall be responsible for maintaining the site in a sanitary condition at all times; waste

**CONDITIONS OF APPROVAL**

**3 of 3 pages**

materials shall be disposed of promptly at an appropriate waste disposal site. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes, and equipment.

9. **Open-top Tanks:** Any open-top tank containing oil and/or toxic fluids shall be covered with netting or equipped to prevent birds, bats, and other wildlife from entering the open-top tank.

10. **Other:** None



## PERMANENT RESOURCE ROAD REQUIREMENTS

**Operator:** Yates Petroleum Corporation

**BLM Serial Number:** NM-26069

**Well Name & NO.:** Margene "AWM" Federal #3

**Location:** Section 19, T. 9 S., R. 26 E.

860' FNL & 660' FEL, Chaves County, N.M.

**The holder agrees to comply with the following requirements:**

### 1. GENERAL REQUIREMENTS:

- A. The **operator** shall hereafter be identified as the **holder** in these requirements. The Authorized Officer is the person who approves the Permanent Resource Road Requirements.
- B. The holder shall minimize any disturbance to structures on public domain surface. Damages caused to any structure during road construction operations shall be promptly repaired by the holder. Functional use of any structure shall be maintained at all times. The holder shall make a documented good-faith effort to contact the owner prior to disturbing any structure.
- C. When necessary to pass through an existing fence line, the fence shall be braced on both sides of the passageway prior to cutting and the fence shall be promptly repaired to at least it's former state or to a higher standard than it was previously constructed.
- D. A professional engineer shall design the access road if the road grade exceeds 10 percent slope.

### 2. INGRESS AND EGRESS:

The access road shall be constructed to access the well pad on the **Southeast** corner of the well pad to comply with the planned access road route.

### 3. ROAD TRAVELWAY WIDTH:

The travelway of the road shall be constructed 14 feet wide. The maximum width of surface disturbance shall not exceed 30 feet of road construction. The specified travelway width is 14 feet for all road travelway surfaces unless the Authorized Officer approves a different width.

### 4. SURFACING:

- A. Beginning from the dedicated road (county road and/or state highway) all access road(s) on federal surface, and the entire length of the new access road travelway shall be surfaced prior to drilling operations.

## PERMANENT RESOURCE ROAD REQUIREMENTS

**2 of 7 pages**

**The access road travelway shall be surfaced** with caliche or gravel material. If other surfacing material is used, the new type of material shall be approved by the Authorized Officer. The travelway of the road shall be surfaced with caliche material. The caliche material shall be compacted to a minimum thickness of 6 inches for the entire length of the travelway surface on the access road. The width of surfacing shall not be less than 14

feet of travelway surface. Prior to using any mineral materials from an existing federal pit, authorization must first be obtained from the Authorized Officer.

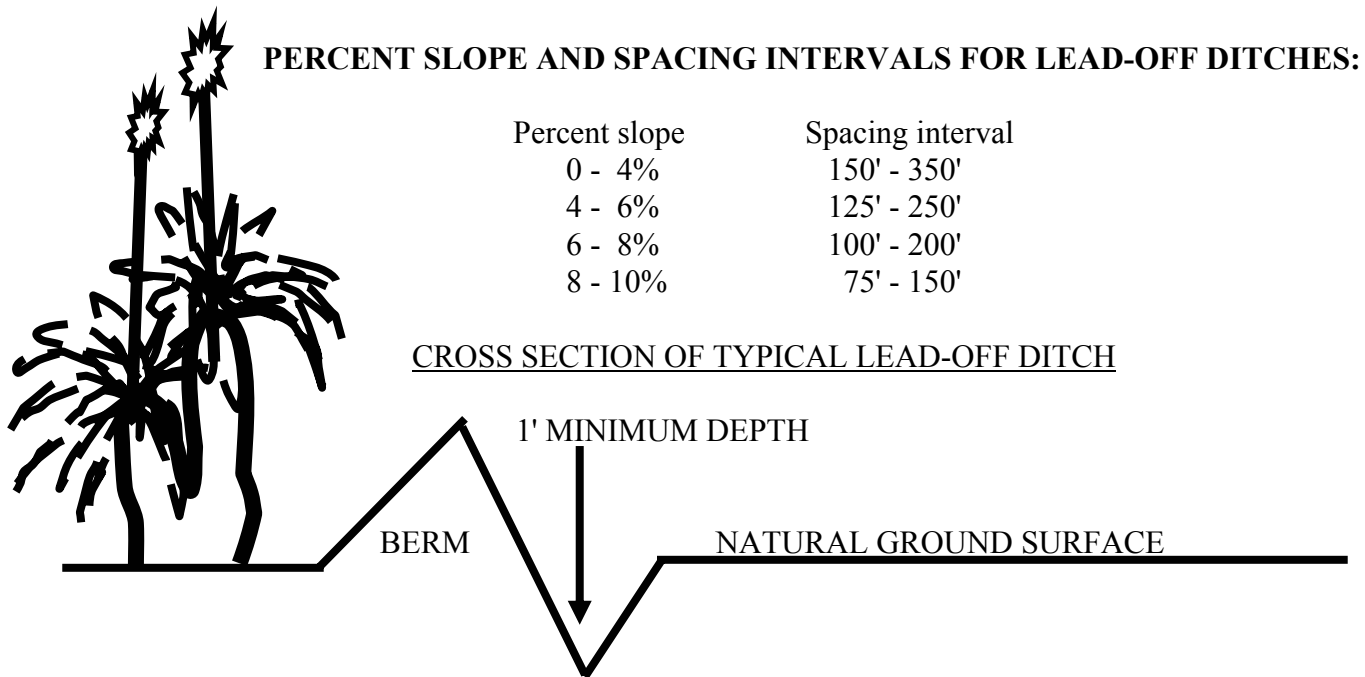
## 5. CROWNING AND DITCHING:

Crowning with materials on site and ditching on one side of the road, on the uphill side, shall be required. The road cross section shall conform to the cross section diagrams in Figure 1 (attached page 6). Where conditions dictate, ditching is required on both sides of the road. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road).

## 6. DRAINAGE:

A. Drainage control shall be ensured over the entire road through the construction of ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings.

B. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):



C. A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

## PERMANENT RESOURCE ROAD REQUIREMENTS

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D. On road slopes exceeding 2%, water flow shall drain water into an adjacent lead-off ditch. Water flow drainage location and spacing shall be determined by the following formula:

FORMULA FOR SPACING INTERVAL OF LEAD-OFF DITCHES:



$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Ex. 4% slope:     spacing interval =  $\frac{400}{4} + 100 = 200$  feet

## 7. CULVERT INSTALLATION:

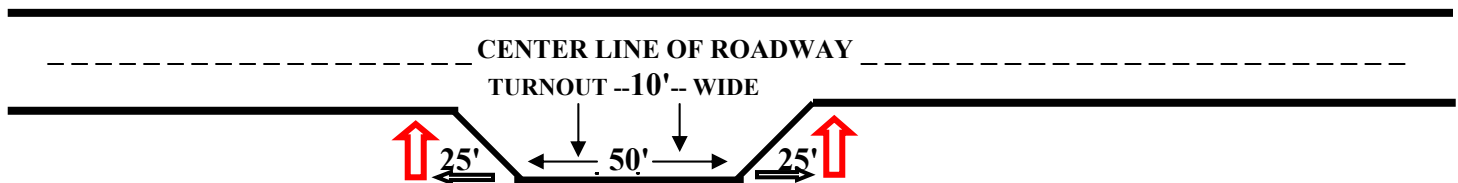
### **No culverts are required on this road.**

Culvert pipes shall be used where ravines, arroyo gullies, and deep waterway channel flows are crossed by the access road construction route. The culvert(s) shall not be less than XX inches in diameter (minimum 18 inch culvert). The location for the culvert installation is designated on the attached map - **EXHIBIT A**. (A culvert pipe installation diagram shall be attached to this requirement when a culvert is required to be installed, see EXHIBIT - X).

## 8. TURNOUTS:

Vehicle turnouts shall be constructed on all single lane roads (unless the Authorized Officer determines that the turnouts are not required). Turnouts shall be intervisible and shall be constructed on all blind curves with additional turnouts as needed to keep spacing below 1000 feet. Turnouts shall conform to the following diagram:

**STANDARD TURNOUT - PLAN VIEW**



## 9. CATTLEGUARDS:

### **NONE REQUIRED**

The existing cattleguard(s) on the access road shall be replaced if they are damaged from heavy vehicular traffic use and the Authorized Officer determines that a new cattleguard shall be installed where the existing in place cattleguard(s) have deteriorated beyond practical use. The holder shall be held responsible for the condition of the existing in place cattleguard(s) that are utilized for vehicular traffic use on lease operations by the holder.

## **PERMANENT RESOURCE ROAD REQUIREMENTS**

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Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads, (exceeding H-20 loading,) are anticipated. (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

**(A cattleguard installation diagram shall be attached to this stipulation when a cattleguard is required to be installed - see EXHIBIT E - DIAGRAM A & B).**

**10. MAINTENANCE:**

A. The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, cattleguard maintenance, and surfacing.

B. The holder shall cooperate with other authorized users in maintenance of the road(s). Failure of the holder to share maintenance costs in dollars, equipment, materials, and manpower proportionate to the holders use with other authorized users may be adequate grounds to terminate the road use. The determination as to whether maintenance expenditures have been withheld by the holder and the decision to terminate the road use shall be at the discretion of the Authorized Officer. Upon request, the Authorized Officer shall be provided with copies of any maintenance agreements entered into by the holder.

**11. PUBLIC ACCESS:**

A. Public access on this road shall not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public land shall not be locked or closed to public use unless closure is absolutely necessary and is authorized in writing by the Authorized Officer.

**12. ROAD REHABILITATION REQUIREMENTS:**

A. **The access road shall be ripped a minimum of 16 inches deep.** The surface material on the road may be removed and re-used in other approved area(s). Surfacing material left in place shall be plowed under with soil turning equipment and the plowed surface shall be disked before seeding. All culverts and other road structures shall be removed. All over-burden material shall be replaced in the cut areas, ditches, lead-off ditches, and any other excavated earthwork shall be back filled. The road shall be recontoured to as near it's original topography, as possible. An earthen berm shall be constructed at the entrance of the road to prevent vehicular traffic on the reclaimed road.

B. The reclaimed road shall be seeded with the following **DPC seed mixture** (the Roswell Field Office has determined the Desired Plant Community seed mixture for the reclaimed area(s)):

**PERMANENT RESOURCE ROAD REQUIREMENTS**

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**SEE EXHIBIT B - WELL DRILLING REQUIREMENTS - VI. SEEDING REQUIREMENTS - FOR THE DESIRED PLANT COMMUNITY SEED MIXTURE THAT SHALL BE USED ON THE RECLAIMED ACCESS ROAD.**

C. The seed and any fertilizer involved shall be broadcast over the roadbed with a spreader, than harrowed to cover the seed. Use of a seed drill planter to plant is acceptable. Appropriate measures shall be taken to ensure that the seed/fertilizer mixture is evenly and uniformly applied. There shall be no

primary or secondary noxious weeds in the seed mixture. In accordance with State law(s) the seed should be tested for purity and viability within nine (9) months prior to sell. Commercial seed shall be either certified or registered and the seed mixture container shall be tagged in accordance with State law(s). The seed mixture tag shall be made available to the

Authorized Officer for inspection. The seeding shall be repeated until a satisfactory vegetation thicket is established and this determination shall be made by the Authorized Officer. Evaluation of plant growth will not be made before the first growing season.

D. Seeding shall be done between June 15<sup>th</sup> through September 15<sup>th</sup>. However, the holder can seed the road immediately after preparing the road bed.

E. The Authorized Officer reserves the right to require reseeding at a specific time if seed does not germinate after one (1) growing season. Waiver of this requirement would be considered if diligent attempts to revegetate the road has repeatedly failed and the Authorized Officer determines that further attempts to revegetate the road would be futile.

F. **Contact Ms. Jessica Ruibado at (505) 627-0240 to witness the seeding operations two (2) days before the start of the seeding process.**

### **13. SPECIAL REQUIREMENT(S):**

A. Precautionary measures shall be taken by the holder during construction of the access road to protect the existing gas pipeline that the access road will cross over (**See map - EXHIBIT A**). An earthen berm; 2 feet high by 3 feet wide and 14 feet across the access road travelway (**2' X 3' X 14'**), shall be constructed over the existing gas pipeline. The holder shall be held responsible for any damage to the existing gas pipeline. If the gas pipeline is ruptured and/or damaged the holder shall immediately cease construction operations and repair the pipeline. The holder shall be held liable for any unsafe construction operations that threaten human life and/or cause the destruction of equipment.

**Margene “AWM” Federal #4 ONLY**

## **WELL DRILLING REQUIREMENTS**

OPERATORS NAME: Yates Petroleum Corporation LEASE NO.: NM-26069

WELL NAME & NO: Margene "AWM" Federal #4

QUARTER/QUARTER & FOOTAGE: SW $\frac{1}{4}$ SE $\frac{1}{4}$  - 660' FSL & 1450' FEL

LOCATION: Section 19, T. 9 S., R. 26 E., NMPM

COUNTY: Chaves County, New Mexico

### **I. GENERAL PROVISIONS:**

- A. The operator has the right of administrative review of these requirements pursuant to 43 CFR 3165.1(a).
- B. The operator shall hereafter be identified as the holder in these requirements. The Authorized Officer is the person who approves the Well Drilling Requirements.

### **II. WELL PAD CONSTRUCTION REQUIREMENTS:**

- A. The BLM shall administer compliance and monitor construction of the access road and well pad. Notify Richard G. Hill at least 3 working days (72 Hours) prior to commencing construction of the access road and/or well pad. Roswell Field Office number (505) 627-0247.
- B. Prior to commencing construction of the access road, well pad, or other associated developments, the holder shall provide the dirt contractor with a copy of the approved APD signature page, a copy of the location map (EXHIBIT A), a copy of pages 1 & 2 from the Well Drilling Requirements (EXHIBIT B), and a copy of the Permanent Resource Road Requirements (EXHIBIT D).
- C. The holder shall stockpile the topsoil from the surface of the well pad for reclamation purposes. The topsoil on the Margene"AWM" Federal #4 well pad is approximate 6 inches in depth. Approximately 800 cubic yards of topsoil shall be stockpiled on the Southwest corner of the well pad, opposite the reserve pit. Upon reclamation of the well pad, the topsoil stockpile shall be redistributed over the disturbed areas. See Well Drilling Requirements - VI. Seeding Requirements - for reclamation of the well pad.
- D. Reserve Pit Requirements:
  - 1. The reserve pit shall be constructed 175' X 150' on the North side of the well pad.
  - 3. The reserve pit shall be constructed to a minimum depth of four (4) feet below ground level. This pit shall be constructed, so that upon completion of drilling operations, the dried pit contents will be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level requirement has been met. The excess contents which have been removed shall be disposed of at an authorized location. Contact Jessica Rubado, at (505) 627-0240, three days before commencing the reserve pit reclamation.

## **WELL DRILLING REQUIREMENTS**

**2 of 8 pages**

- 4. The plastic lining that is used to line the reserve pit shall be at least 9 mil in thickness and have a bursting strength of 170 PSI. Upon reclamation of the reserve pit, any exposed plastic lining shall be removed and properly disposed of before the reserve pit is backfilled.
- 5. The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

6. The reserve pit shall be constructed so as not to leak, break, or allow discharge of drilling muds. Under no circumstances will the reserve pit be cut to drain drilling muds on the terrain.
7. The reserve pit shall not be located in any natural drainage.
8. The reserve pit shall be equipped to deter entry by birds, bats, other wildlife, and livestock, if the reserve pit contains any oil and/or toxic fluids.
9. Drilling muds shall be properly disposed of before the reserve pit is reclaimed. Drilling muds can be allowed to evaporate in the reserve pit or be removed and transported to an authorized disposal site. The reserve pit shall be backfilled when dry.
10. Dumping of junk or trash into the reserve pit is not allowed. Junk or trash shall be removed from within the reserve pit before the reserve pit is reclaimed. **Junk or trash shall not be buried in the reserve pit.**

**E. Federal Mineral Materials Pit Requirements:**

1. Caliche, gravel, or other related materials from new or existing pits on Federal mineral estate shall not be taken without prior approval from the authorized officer. Contact Jerry Dutchover at (505) 627 -0236.
2. Payment for any Federal mineral materials that will be used to surface the access road and the well pad is required prior to removal of the mineral materials.
3. **Mineral Materials extracted during construction of the reserve pit may be used for development of the pad and access road as needed, for the Margene "AWM" Federal #4 gas well only. Removal of any additional material on location must be purchased from BLM prior to removal of any material .**
  - a. **An optional mineral material pit may be constructed within the archaeologically cleared area. The mineral material removed in the process can be used for pad and access road construction. However, a mineral material sales contract must be purchased from the BLM prior to removal of any material.**

**F. Well Pad Surfacing Requirement:**

The well pad shall be surfaced with 6 inches of compacted caliche, gravel, or other approved surfacing material. The well pad shall be surfaced prior to drilling operations. See **Permanent Resource Road Requirements - EXHIBIT D - requirement #4, for road surfacing.**

**G. Cave Requirements:**

1. If, during any construction activities any sinkholes or cave openings are discovered, all construction activities shall immediately cease, and the Roswell Field Office shall be notified at (505) 627-0272.
2. The BLM Authorized Officer will, within 24 hours of notification in "A" above, conduct an on-the-ground field inspection for karst. At the field inspection the authorized field inspector will authorize or suggest mitigating measures to lessen the damage to the karst environment. A verbal order to proceed or stop the operation will be issued at that time.

**WELL DRILLING REQUIREMENTS**

**3 of 8 pages**

**III. DRILLING REQUIREMENTS:**

**A. DRILLING OPERATIONS REQUIREMENTS:**

## **WELL DRILLING REQUIREMENTS**

**4 of 8 pages**

### **IV. DOWN HOLE ABANDONMENT REQUIREMENTS:**

A. If the well is a dry hole and will be plugged, approval of the proposed plugging program may be obtained orally. However, oral approval must be confirmed in writing by immediately filing a Sundry Notice And Report On Wells (Form 3160-5) "**Notice of Intention to Abandon**", and submitting an original and five (5) copies to the Roswell Field Office. The report should show the total depth reached,

the reason for plugging, and the proposed intervals, by depths, where plugs are to be placed, type of plug, type of plugging mud, etc..

B. If the well is not drilled, please notify the BLM so that an official release can be approved.

## **V. SURFACE RECLAMATION/RESTORATION REQUIREMENTS:**

A. When the well is abandoned the “**Notice of Intention to Abandon**” (Form 3160-5) could also be used by the holder as the initial report for the surface reclamation/restoration of the access road and well pad. Upon receipt of the “**NOI**” the Authorized Officer shall provide the holder with the specific requirements for the reclamation/restoration of the access road and well pad.

B. **Subsequent Report Of Abandonment:** The holder shall submit a second report on Form 3160-5, Sundry Notice and Report On Wells, the original and five (5) copies to the Roswell Field Office, pertaining to the reclamation/restoration of the access road and well pad. The holder shall demonstrate that the surface reclamation/restoration requirements have been complied with. The holder shall specify that the reclamation work accomplished the restoration of the disturbed areas to as near the original surface condition the land was in prior to construction of the access road and well pad.

C. **Final Abandonment Notice:** The holder shall submit a third report on Form 3160-5, Sundry Notice and Report On Wells, the original and five (5) copies to the Roswell Field Office, that will ascertain that all surface reclamation/restoration requirements have finally been completed and that the access road and well pad are ready for final inspection. The holder shall specify that the surface has been reclaimed in accordance with federal regulations and request final approval of the access road and well pad.

D. The holder shall comply with all the surface reclamation/restoration required by the Authorized Officer pertaining to the reclamation/restoration of the access road and well pad. Liability under bond shall be retained until surface reclamation/restoration of the access road and well pad has been completed to the satisfaction of the Authorized Officer.

## **VI. SEEDING REQUIREMENTS:**

A. The stockpile of topsoil shall be spread over the well pad to cultivate a seedbed. The holder shall not mix the topsoil with the reserve pit area soil. The mixing of the soil will render the conservation of the topsoil for reclamation purposes pointless, if the topsoil is contaminated with the reserve pit mud soil.

B. The reclaimed area(s) shall be seeded with the seed mixture that was determined by the Roswell Field Office for the Desired Plant Community on this well site.

C. The same seed mixture shall be used on the reclaimed access road; **See PERMANENT RESOURCE ROAD REQUIREMENT #12.**

## **WELL DRILLING REQUIREMENTS**

**5 of 8 pages**

D. The planting of the seed shall be done in accordance with the following seeding requirements:

1. **The access road and well pad shall be ripped a minimum of 16 inches deep.** The topsoil soil shall be plowed under with soil turning equipment and the plowed surface shall be disked before seeding. Seed shall be planted using a drill equipped planter with a depth regulator to ensure proper depth of

planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. Smaller/heavier seeds have a tendency to drop to the bottom of the drill and are planted first, the holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre noted below are to be doubled.

2. The holder shall seed all the disturbed areas with the DPC seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed per acre, (Pounds of pure live seed per acre: pounds of seed X percent purity X percent germination = pounds pure live seed). There shall be no primary or secondary noxious weeds in the seed mixture.

In accordance with State law(s) the seed should be tested for purity and viability within nine (9) months prior to sell. Commercial seed shall be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and the certified seed tag shall be made available for inspection by the Authorized Officer.

3. **Desired Plant Community** seed mixture to be planted in pounds of pure live seed per acre:

Alama silt loam, dry, 0-3% Slope  
 Hollomex loam, 1-9% slope, dry  
 Reeves loam, 0-2% slope, dry  
 Milner loam, 0-2% slope, dry

Loamy, SD-3 Ecological Site

August 27, 1998

<u>Common Name and Preferred Variety</u>	<u>Scientific Name</u>	<u>Pounds of Pure Live Seed Per Acre</u>
Blue grama, var. Lovington	( <i>Bouteloua gracilis</i> )	4.0
Sideoats grama, var. Vaughn or El Reno	( <i>Bouteloua curtipendula</i> )	1.0
Sand dropseed	( <i>Sporobolus cryptandrus</i> )	0.5
Vine mesquite	( <i>Panicum obtusum</i> )	1.0
Plains bristlegrass	( <i>Setaria macrostachya</i> )	1.0
Indian blanketflower	( <i>Gaillardia aristata</i> )	0.5
Desert or Scarlet Globemallow	( <i>Sphaeralcea ambigua</i> ) or ( <i>S. coccinea</i> )	1.0

TOTAL POUNDS PURE LIVE SEED PER ACRE 9.00

**If one species is not available, increase ALL others proportionately. Certified Weed Free Seed. A minimum of 4 species is required, including 1 forb species.**



E. The recommended time to seed is from June 15<sup>th</sup> through September 15<sup>th</sup>. The optimum seeding time is in mid-July. Successive seeding should be done either late in the fall (Sept. 15<sup>th</sup> - Nov. 15<sup>th</sup>, before freeze up) or early as possible the following spring to take advantage of available ground moisture. However, the holder may seed immediately after completing surface abandonment requirements.

F. The seeding of the disturbed areas shall be repeated until a vegetation thicket is established on the access road and well pad. The Authorized Officer shall make the determination when the regrowth on the disturbed areas is satisfactory.

## **WELL DRILLING REQUIREMENTS**

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G. The holder shall be responsible for the establishment of vegetation on the access road and well pad. Evaluation of vegetation growth will not be made before the completion of the first growing season after seeding. The Authorized Officer reserves the right to require reseeding at a specific time if seed does not germinate after one growing season. Waiver of this requirement would be considered if diligent attempts to revegetate the disturbed areas have failed and the Authorized Officer determines that further attempts to replant the access road and well pad is futile.

**H. Contact Ms. Jessica Rubado at (505) 627-0240 to witness the seeding operations, two (2) days prior to seeding the disturbed areas.**

## **VII. Invasive and Noxious Weeds Requirement:**

A. The holder shall be held responsible if noxious weeds become established within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action.

The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.

B. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

## **VIII. ON LEASE - WELL REQUIREMENTS:**

A. The holder shall post signs identifying the location permitted herein with the requirements contained in Onshore Oil and Gas Order #1 and 43 CFR 3162.6.

B. The following data is required on the well sign that shall be posted in a conspicuous place on the well pad. The sign shall be kept up with current identification and shall be legible for as long as the well is in existence:

Operator Name: Yates Petroleum Corporation  
Well Name & No.: Margene "AWM" Federal #4  
Lease No.: NM-26069  
Footage: 660' FSL & 1450' FEL  
Location: Section 19, T. 9 S., R. 26 E.

C. UPON ABANDONMENT OF THE WELL, THE SAME INFORMATION SHALL BE INSCRIBED ON THE DRY HOLE MARKER WITH A BEADED WELD.

## **WELL DRILLING REQUIREMENTS**

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D. The approval of the APD does not in any way imply or grant approval of any on-lease, off-lease, or off-unit action(s). It is the responsibility of the holder to obtain other approval(s) such as rights-of-way from the Roswell Field Office or other agencies, including private surface landowner(s).

E. All vehicles, including caterpillar track-type tractors, motor graders, off-highway trucks and any other type of motorized equipment that is used in the construction of the access road and well pad shall be confined to the area(s) herein approved. The drilling rig that is used to drill the well shall also be confined to the approved area(s).

### **F. Containment Structure Requirement:**

1. A containment structure or earthen dike shall be constructed and maintained around all storage facilities/batteries. The containment structure or earthen dike shall surround the storage facilities/batteries.
2. The containment structure or earthen dike shall be constructed two (2) feet high around the facilities/batteries (the containment structure or earthen dike can be constructed higher than the two (2) feet high minimum).
3. The perimeter of the containment structure or earthen dike can be constructed substantial larger for greater holding capacity of the contents of the largest tank.
4. The containment structure or earthen dike shall be constructed so that in case of a spill the structure can contain the entire contents of the largest tank, plus 24 hour production, within the containment structure or earthen dike, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

### **G. Well Completion Requirement:**

If the well is completed, all areas of the well pad not necessary for operations shall be reclaimed to resemble the original contours of the surrounding terrain. Cut-and-fill slopes shall be re-contoured and reduced to a slope of 3:1 or less.

**H. Painting Requirement:**

All above-ground structures (e.g.: meter houses, tanks, above ground pipelines, and related appurtenance, etc.) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for painting all the well facilities is **Desert Brown**, Munsell Soil Color Chart Number **10YR 6/3**.

**I. Fence Requirement:**

**WELL DRILLING REQUIREMENTS**

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The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. On private surface the holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates shall be allowed unless approved by the Authorized Officer.

**J. Open-vent Exhaust Stack Requirements:**

1. All open-vent exhaust stacks associated with heater-treater, separators and dehydrator units shall be modified to prevent birds and bats from entering them and to the extent practical to discourage perching and nesting.
2. New production equipment installed on federal leases after November 1<sup>st</sup>, 1993, shall have the open-vent exhaust stacks constructed to prevent the entry of birds and bats and to the extent practical, to discourage perching, and nesting.

**IX. SPECIAL REQUIREMENT(S):**

A. Low-profile facilities no greater than eight-feet-high shall be used. If necessary, multiple tanks shall be used.

## EXHIBIT C

1 of 3 pages

### CONDITIONS OF APPROVAL

OPERATOR: Yates Petroleum Corporation

LEASE NO: NM-26069

WELL NAME & NO.: Margene "AWM" Federal #3

LOCATION: Section 19 T. 9 S., R. 26 E., N.M.P.M.

QUARTER/QUARTER & FOOTAGE: SW $\frac{1}{4}$ SE $\frac{1}{4}$  - 660' FSL & 1450' FEL

COUNTY: Chaves County, New Mexico

#### GENERAL CONDITIONS OF APPROVAL:

1. The **operator** shall hereafter be identified as the **holder** in these requirements. The Authorized Officer is the person who approves the Conditions Of Approval.
2. The holder shall indemnify the United States against any liability for damage to life or property arising from occupancy or use of public lands under this authorization.
3. The holder shall have surface use approval prior to any construction work on change(s) or modification(s) to the access road and/or well pad. The holder shall submit (Form 3160-5), Sundry Notice and Report On Wells, an original plus one (1) copy to the Roswell Field Office, stating the basis for any changes to previously approved plans. Prior to any revised construction the holder shall have an approved Sundry Notice and Report On Wells or written authorization to proceed with the change in plans ratified by the Authorized Officer.
4. **Weed Control:**
  - A. The holder shall be held responsible if noxious weeds become established

within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action.

The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.

B. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

## **5. Hazardous Substances:**

a. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act Of 1976, as amended (15 U.S.C. 2601, *et. seg.*) with regard to any toxic substances that are used, generated by or stored on the project/pipeline route or on facilities authorized. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as

a

## **CONDITIONS OF APPROVAL**

**2 of 3 pages**

result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

b. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substances or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seg.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seg.*) on this project/pipeline (unless the release or threatened release is wholly unrelated to the holder's activity on the pipeline). This agreement applies without regard to whether a release is caused by the operator, its agent, or unrelated third parties.

## **6. Undesirable Events:**

If, during any phase of the construction, operation, maintenance, or termination of the authorization, any oil or other pollutants, should be discharged, and impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutants, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge

on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

#### **7. Archaeological, Paleontology, and Historical Sites:**

a. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder shall be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

b. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of the project work, the holder shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The holder or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes. Any unauthorized collection or disturbance of cultural resources may result in a shutdown order by the Authorized Officer.

#### **8. Sanitation:**

The holder shall be responsible for maintaining the site in a sanitary condition at all times; waste

#### **CONDITIONS OF APPROVAL**

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materials shall be disposed of promptly at an appropriate waste disposal site. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes, and equipment.

**9. Open-top Tanks:** Any open-top tank containing oil and/or toxic fluids shall be covered with netting or equipped to prevent birds, bats, and other wildlife from entering the open-top tank.

**10. Other:** None

## **EXHIBIT D**

1 of 7 pages

### **PERMANENT RESOURCE ROAD REQUIREMENTS**

**Operator:** Yates Petroleum Corporation

**BLM Serial Number:** NM-26069

**Well Name & NO.:** Margene "AWM" Federal #4

**Location:** Section 19, T. 9 S., R. 26 E.

660' FSL & 1450' FEL, Chaves County, N.M.

**The holder agrees to comply with the following requirements:**

#### **1. GENERAL REQUIREMENTS:**

A. The **operator** shall hereafter be identified as the **holder** in these requirements. The Authorized Officer is the person who approves the Permanent Resource Road Requirements.

B. The holder shall minimize any disturbance to structures on public domain surface. Damages caused to any structure during road construction operations shall be promptly repaired by the holder. Functional use of any structure shall be maintained at all times. The holder shall make a documented good-faith effort to contact the owner prior to disturbing any structure.

C. When necessary to pass through an existing fence line, the fence shall be braced on both sides of the passageway prior to cutting and the fence shall be promptly repaired to at least it's former state or to a higher standard than it was previously constructed.

D. A professional engineer shall design the access road if the road grade exceeds 10 percent slope.

## **2. INGRESS AND EGRESS:**

The access road shall be constructed to access the well pad on the **Southeast** corner of the well pad to comply with the planned access road route.

## **3. ROAD TRAVELWAY WIDTH:**

The travelway of the road shall be constructed **14** feet wide. The maximum width of surface disturbance shall not exceed **30** feet of road construction. The specified travelway width is 14 feet for all road travelway surfaces unless the Authorized Officer approves a different width.

## **4. SURFACING:**

A. Beginning from the dedicated road (county road and/or state highway) all access road(s) on federal surface, and the entire length of the new access road travelway shall be surfaced prior to drilling operations.

## **PERMANENT RESOURCE ROAD REQUIREMENTS**

**2 of 7 pages**

**The access road travelway shall be surfaced** with caliche or gravel material. If other surfacing material is used, the new type of material shall be approved by the Authorized Officer. The travelway of the road shall be surfaced with **caliche** material. The caliche material shall be compacted to a minimum thickness of **6** inches for the entire length of the travelway surface on the access road. The width of surfacing shall not be less than 14 feet of travelway surface. Prior to using any mineral materials from an existing federal pit, authorization must first be obtained from the Authorized Officer.

## **5. CROWNING AND DITCHING:**

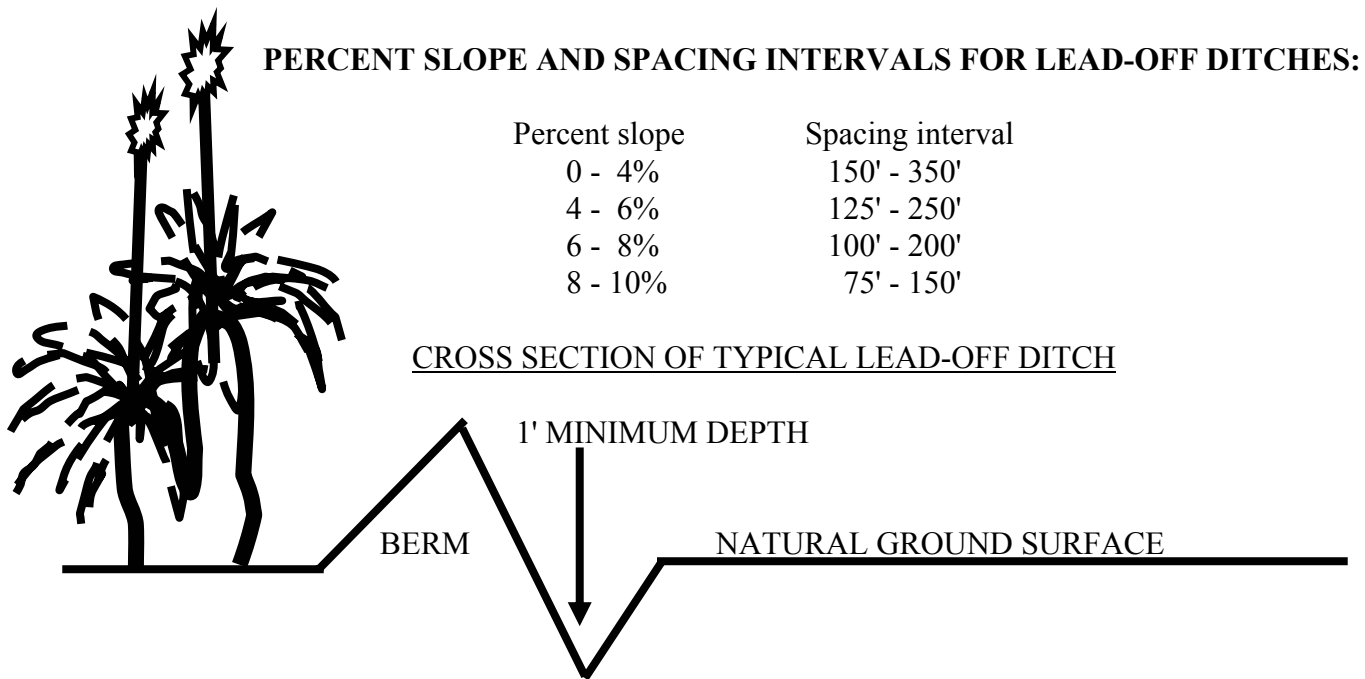
Crowning with materials on site and ditching on one side of the road, on the uphill side, shall be required. The road cross section shall conform to the cross section diagrams in Figure 1 (attached page 6). Where conditions dictate, ditching is required on both sides of the road. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road).

## **6. DRAINAGE:**

A. Drainage control shall be ensured over the entire road through the construction of ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings.



B. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):



C. A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

## PERMANENT RESOURCE ROAD REQUIREMENTS

3 of 7 pages

D. On road slopes exceeding 2%, water flow shall drain water into an adjacent lead-off ditch. Water flow drainage location and spacing shall be determined by the following formula:

FORMULA FOR SPACING INTERVAL OF LEAD-OFF DITCHES:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

$$\text{Ex. 4\% slope: spacing interval} = \frac{400}{4} + 100 = 200 \text{ feet}$$

## 7. CULVERT INSTALLATION: No culverts are required on this road.

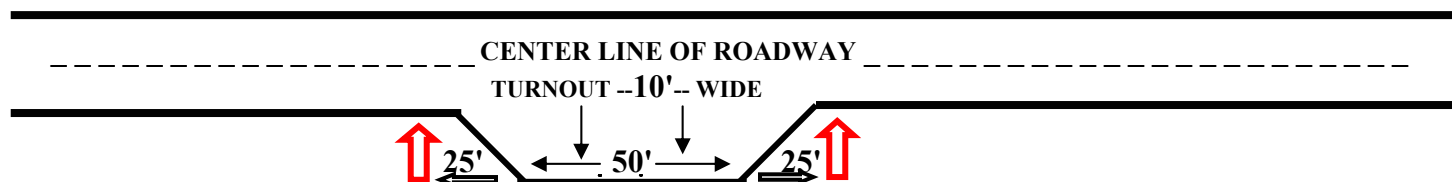
Culvert pipes shall be used where ravines, arroyo gullies, and deep waterway channel flows are crossed by the access road construction route. The culvert(s) shall not be less than XX inches in diameter (minimum 18 inch culvert). The location for the culvert installation is designated on the attached map - **EXHIBIT A**. (A culvert

pipe installation diagram shall be attached to this requirement when a culvert is required to be installed, see EXHIBIT - X).

## 8. TURNOUTS:

Vehicle turnouts shall be constructed on all single lane roads (unless the Authorized Officer determines that the turnouts are not required). Turnouts shall be intervisible and shall be constructed on all blind curves with additional turnouts as needed to keep spacing below 1000 feet. Turnouts shall conform to the following diagram:

**STANDARD TURNOUT - PLAN VIEW**



## 9. CATTLEGUARDS:

a. One cattleguard is required at the fence crossing in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 19, T. 9 S., R. 26 E. - See Exhibit A.

b. A cattleguard installation diagram shall be attached to this stipulation when a cattleguard is required to be installed - see EXHIBIT E - DIAGRAM A & B.

c. The existing cattleguard(s) on the access road shall be replaced if they are damaged from heavy vehicular traffic use and the Authorized Officer determines that a new cattleguard shall be installed where the existing in place cattleguard(s) have deteriorated beyond practical use. The holder shall be held responsible for the condition of the existing in place cattleguard(s) that are utilized for vehicular traffic use on lease operations by the holder.

## PERMANENT RESOURCE ROAD REQUIREMENTS

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d. Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads, (exceeding H-20 loading,) are anticipated. (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

## 10. MAINTENANCE:

A. The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, cattleguard maintenance, and surfacing.

B. The holder shall cooperate with other authorized users in maintenance of the road(s). Failure of the holder to share maintenance costs in dollars, equipment, materials, and manpower proportionate to the holders use with other authorized users may be adequate grounds to terminate the road use. The determination as to

whether maintenance expenditures have been withheld by the holder and the decision to terminate the road use shall be at the discretion of the Authorized Officer. Upon request, the Authorized Officer shall be provided with copies of any maintenance agreements entered into by the holder.

## **11. PUBLIC ACCESS:**

A. Public access on this road shall not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands shall not be locked or closed to public use unless closure is absolutely necessary and is authorized in writing by the Authorized Officer.

## **12. ROAD REHABILITATION REQUIREMENTS:**

A. **The access road shall be ripped a minimum of 16 inches deep.** The surface material on the road may be removed and re-used in other approved area(s). Surfacing material left in place shall be plowed under with soil turning equipment and the plowed surface shall be disked before seeding. All culverts and other road structures shall be removed. All over-burden material shall be replaced in the cut areas, ditches, lead-off ditches, and any other excavated earthwork shall be back filled. The road shall be recontoured to as near it's original topography, as possible. An earthen berm shall be constructed at the entrance of the road to prevent vehicular traffic on the reclaimed road.

B. The reclaimed road shall be seeded with the following **DPC seed mixture** (the Roswell Field Office has determined the Desired Plant Community seed mixture for the reclaimed area(s)):

**SEE EXHIBIT B - WELL DRILLING REQUIREMENTS - VI. SEEDING REQUIREMENTS - FOR THE DESIRED PLANT COMMUNITY SEED MIXTURE THAT SHALL BE USED ON THE RECLAIMED ACCESS ROAD.**

## **PERMANENT RESOURCE ROAD REQUIREMENTS**

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C. The seed and any fertilizer involved shall be broadcast over the road bed with a spreader, than harrowed to cover the seed. Use of a seed drill planter to plant is acceptable. Appropriate measures shall be taken to ensure that the seed/fertilizer mixture is evenly and uniformly applied. There shall be no primary or secondary noxious weeds in the seed mixture. In accordance with State law(s) the seed should be tested for purity and viability within nine (9) months prior to sell. Commercial seed shall be either certified or registered and the seed mixture container shall be tagged in accordance with State law(s). The seed mixture tag shall be made available to the

Authorized Officer for inspection. The seeding shall be repeated until a satisfactory vegetation thicket is established and this determination shall be made by the Authorized Officer. Evaluation of plant growth will not be made before the first growing season.

D. Seeding shall be done between June 15<sup>th</sup> through September 15<sup>th</sup>. However, the holder can seed the road immediately after preparing the road bed.

E. The Authorized Officer reserves the right to require reseeding at a specific time if seed does not germinate after one (1) growing season. Waiver of this requirement would be considered if diligent

attempts to revegetate the road has repeatedly failed and the Authorized Officer determines that further attempts to revegetate the road would be futile.

**F. Contact Ms. Jessica Ruibado at (505) 627-0240 to witness the seeding operations two (2) days before the start of the seeding process.**

**G. Invasive & Noxious Weeds Requirement**

- .1. The holder shall be held responsible if noxious weeds become established within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action.

The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.

2. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

**13. SPECIAL REQUIREMENT(S): NONE**